Institutional lending to small and micro industrial enterprises

35. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that interest rates hikes and credit squeeze have been imposed on institutional lending to small and micro industrial enterprises; and

(b) if so, the details thereof and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) No, Sir. The Public Sector Banks have shown a 25.81% year on year growth of credit outstanding for the year 2006-07 to the Micro, Small and Medium Enterprises.

Reserve Bank of India has deregulated the interest rates on advances above Rs. 2 lakh, including loans to small and micro industrial enterprises in 1994. These interest rates are determined by the banks themselves with the approval of their Boards. For credit limits up to Rs. 2 lakh, the Benchmark Prime Leading Rate (BPLR) has been prescribed as the ceiling lending rate. In order to enhance transparency in banks' pricing of their loans products, banks have been advised to fix ther BPLR after taking into account (i) actual cost of funds, (ii) operating expenses and (iii) a minimum margin to cover regulatory requirement of provisioning/capital charge and profit margin. Banks have also been allowed to freely price their loan products below or above their BPLR and offer floating rate products by using market benchmarks in a transparent manner.

Revenue collections

36. DR. V. MAITREYAN: Will the Minister of FINANCE be pleased to state:

(a) the total collection of revenue both in terms of the direct and indirect taxes during the current financial year;

(b) the percentage as compared to the budget estimates for this financial year;

(c) the steps being taken to improve the collection of revenue; and

(d) the steps being taken to widen the tax base in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The details of collection of revenue both in terms of direct and indirect taxes during the current financial year are as under:—

(Rs. in crore)

	Collection from April' 07 to January' 08	% of Budget Estimates
(i) Direct Taxes	218538	81.70
(ii) Indirect Taxes:		
(a) Union Excise*	97559	75.60
(b) Customs	84258	85.30
(c) Service Tax	35000**	69.70

* Exclusive of cess not administered by Department of Revenue.

**From April, 2007 to December, 2007